



NH C-PACE OEP Planning & Zoning Conference

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Who Are We?



- Non-Profit organization
- Reduce energy use in buildings
- Public policy and program design
- Founded in 1995

RESILIENT BUILDINGS

— GROUP —

Superior energy performance

- For-profit company, majority owned by The Jordan Institute
- Scale-up number of energy-efficient buildings
- Expand available EE services - projects in the field including energy-centric construction management

2013 Strategic Plan
& Reorganization

2014+ Policy and
Program Design

2016 C-PACE
Program Launch



C-PACE Definition



C-PACE

Property Assessed Clean Energy financing
for Commercial buildings

Allows building owners to tie financing
for energy efficiency and renewable energy improvements
to a property through a Special Assessment lien.

C-PACE Definition



NH Statute: RSA 53-F

- Rewritten for 3rd time in 2015;
- Unanimous support -- NH House and Senate
- Enabling legislation

Municipalities voluntarily adopt RSA 53-F to set up C-PACE Special Assessment Clean Energy Districts.

Jordan Institute and partners are launching the NH C-PACE program in 2016

Why was C-PACE created?

To overcome the significant obstacles for commercial building owners to complete Energy Efficiency and Renewable Energy projects – especially comprehensive projects

Why was C-PACE created?

Common Situations	Results
Commercial Building owners flip buildings every 5-7-10 yrs.	Owners rarely get full benefit of long term cost savings
Commercial loans = 5-7 yr. terms	Focus on “low-hanging fruit” – project paybacks of 2-7 yrs.
Loans repaid from capital budgets	Limited funds for comprehensive projects
Projects deferred until emergency	Limited time/money to consider options
Who pays for utilities?	Tenant not invested in upgrades for building they don’t own; owner not invested if tenant pays bills

C-PACE Benefits: **Building Owner**

1. **Tied to the property**, not the property owner
 - Non-accelerating payments upon sale
 - Next owner receives the same benefits and payment obligations – “Pay for the energy efficiency you use”
2. **No down payment** required
3. **Cash Flow Positive**, Savings to Investment Ratio >1
4. **Loan Term** up to 30 years
5. May be treated as **operating expense** - instead of debt
6. May **address “Split incentive”** - owner can “share” loan repayment with tenants (ie triple net lease)
7. Encourages **comprehensive projects**, not just fast ROI
8. **Financial & energy project vetting/oversight/verification** - improves trust

C-PACE Benefits: Municipality

1. Improve building stock
 - Attract/retain businesses
 - Fill rentable space
2. Budget-neutral economic development initiative
 - No public or ratepayer funding
3. Ties into goals and initiatives in the Master Plan
4. Vast majority of efforts handled by others
5. Increase value of commercial buildings
 - Increase tax base
6. Nominal payment to Municipality to cover costs as conduit for tax/repayment



How does NH C-PACE work?

1. Municipality Adopts RSA 53-F
2. Projects origination via program, contractor, or property owner
3. Financial vetting of property
4. Technical vetting of project
5. Building energy audit completed (where applicable)
6. Capital Provider selected
7. Financial Agreement, Project Agreement signed
8. C-PACE lien filed
9. Construction w/ oversight
10. Municipality sends Special Assessment with property tax bill
11. Municipality collects Special Assessment and remits to NHCDFA
12. NHCDFA remits payments to appropriate Capital Provider
13. Municipality reports annual billing/collections to NHCDFA

C-PACE Building Types Can Include:

- Office buildings
 - Hotels & convention centers
 - Apartment buildings (5+ Units)*
 - Manufacturing facilities
 - Heated warehouses
 - Agricultural buildings
 - Retail: grocery, malls, big box, Mom & Pop
 - Health clubs & athletic facilities
 - Private Schools
 - Non-profits
-
- BUT NOT PUBLICLY OWNED BUILDINGS
 - NOT RESIDENTIAL (1-4 units)

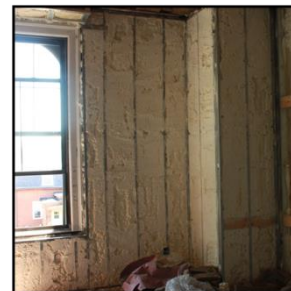


* Some Restrictions Apply

C-PACE Projects Can Include:

Comprehensive projects or individual energy measures

- Airsealing & Insulation
 - Heating, Ventilation, AC Systems
 - Biomass Heat — pellets or chips
 - Ground-Source and Air-Source Heat Pumps
 - Controls and heat distribution
 - Lighting
 - Solar — electric, hot water, hot air
 - Combined heat and power
-
- **Can include non-energy project** work that is connected to the energy project, as long as the **SIR>1** (ie roof replacement with solar project)



NH C-PACE Program Team

- Jordan Institute, Inc. – Statewide Administrator, day to day coordination, visibility, education, project management
- Sustainable Real Estate Solutions, Inc. – Data management, training, energy-project origination, development, management
- Resilient Buildings Group, Inc. – Energy Project Vetting, commissioning, M+V
- NH Community Development Finance Authority – Financial vetting, warehousing of smaller projects, C-PACE loan repayment coordination



C-PACE Responsibilities: **Municipality**

One Time

1. Municipality must adopt “the program” – RSA 53-F
2. Municipality “should” designate Jordan Institute as administrator
3. Tax collector and Registrar of Deeds (and others as needed) work with Jordan Institute regarding tax software, logistics, best practices

Per Project

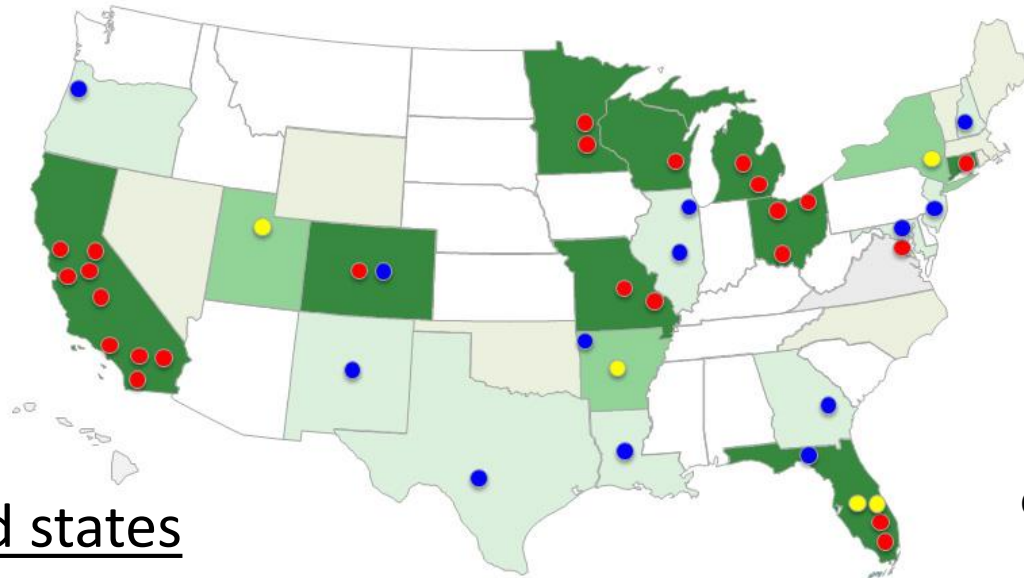
1. Municipality adds C-PACE assessment to tax assessment software
2. Registers lien with County Registrar of Deeds
3. Sends tax bills with Special Assessment to participating building owner
4. Collects C-PACE repayment funds from building owner
5. Forwards Special Assessment payments to CDFA
6. Reports annually on billing/collections to CDFA

Municipality is NOT responsible for:

1. Marketing Program
2. Vetting properties/owners
3. Following up on delinquent payments
4. Bonding or other finance acquisition

The National C-PACE Scene

32 states have adopted PACE financing tool



Courtesy PACENow

PACE enabled states

- Early stage PACE program development
- Launched PACE programs
- PACE programs with funded projects

To date, 734 buildings upgraded, \$230M, 2,700 jobs

How is NH C-PACE different?

1. C-PACE lien position junior to existing mortgages/liens
2. Focusing efforts on traditional banks and impact investors
3. Limited municipal role
4. Statewide program with statewide administrator (Jordan Institute)
 - Streamlined process better for owners, contractors, capital providers, and municipalities



NH C-PACE Adoption Status

Participating Municipalities:

- **Hanover**

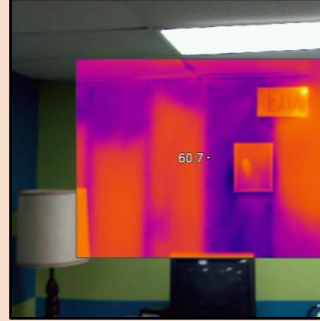
In discussion with:

- **Dover**
- **Concord**
- **Lebanon**
- **Keene**
- **Portsmouth**

Steps for Municipal Adoption

1. Support from Municipal Energy Committee
2. Work with Municipal Staff
3. Presentation to City Council
or C-PACE added to Town Meeting Warrant
4. Review options for tax software
5. Review template resolution, agreements,
special assessment lien documents
6. C-PACE adoption by City Council
or at Town Meeting





Thank you!

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Ideal C-PACE Building Candidates

1. Willing project owner & municipality
2. Project MUST have a Savings-to-Investment Ratio >1
3. Inefficient buildings and equipment
4. Existing construction
5. Fossil fuel heating, electric heating
6. Municipality has numerous “ideal” C-PACE buildings
7. Uncomplicated ownership
8. Ideal: no existing mortgage
9. Building owner has good relationship and history with municipality
10. Early phase: Project costs $>\$250,000$



Excerpts from City of Concord, NH Master Plan 2030

ENERGY GOALS

- *Maximize energy conservation and efficiency in the City of Concord in both the private and public sectors, to promote a sustainable future for Concord*
- *Encourage Concord residents, businesses and institutions to reduce their carbon footprint*
- *Increase the use of renewable energy systems within the City of Concord*

1. General Energy Use and Efficiency

Policies and Objectives:

- Support amendments to state and local laws that encourage or promote energy conservation and efficiency.*
- Encourage local businesses and residents to implement energy efficiency improvements and to utilize loans and rebate programs to assist with implementation.*
- Partner with utility companies, state agencies and nonprofit organizations to promote energy conservation and efficiency and implementation of private energy audits.*

Actions:

- Monitor pending energy related legislation and particularly the viability of PACE legislation (RSA 53-F) and implement PACE as soon as practical.*

6. Renewable Energy Sources for Small Scale Production

Policies and Objectives:

- Promote local energy stability and independence through the use of small scale renewable energy systems including solar, geothermal, biomass and small wind energy systems.*
- Support local renewable energy sources and production.*

Actions:

- Establish a Property Assessed Clean Energy District (PACE) financing program for the installation of renewable energy improvements to residential and nonresidential properties.*